

**CITY OF GRETNA, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-11-07

Camnetar & Co., CPAs
a professional accounting corporation

**CITY OF GRETNA, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2006**

CITY OF GRETNA, LOUISIANA
Basic Financial Statements
Year Ended March 31, 2006
With Supplemental Information Schedules
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INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members of the City Council
City of Gretna, Louisiana**

We have audited the accompanying basic financial statements of the City of Gretna, Louisiana, as of and for the year ended March 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the City of Gretna, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit:

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Gretna, Louisiana, as of March 31, 2006, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2007, on our consideration of the City of Gretna's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 3 through 13 and the budgetary comparison schedules on pages 45 through 55 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents under Supplemental Information presented on pages 56 through 58 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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Gretna, Louisiana

March 23, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Gretna, Louisiana
Management's Discussion and Analysis
(Unaudited)
March 31, 2006

As management of the City of Gretna, Louisiana ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2006. The purpose of this management discussion and analysis ("MD&A") is to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of City finances. It is also intended to provide readers with an analysis of short-term and long-term activities of the City based on information presented in the financial report and fiscal policies that have been adopted by the City. This section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained with this MD&A should be considered only a part of this financial report. The readers of these statements should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements consist of the following components:

- Government-wide financial statements,
- Fund financial statements,
- Notes to the financial statements, and
- Other supplementary information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It provides readers a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net assets* presents information on all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or weakening.

City of Gretna, Louisiana
Management's Discussion and Analysis
(Unaudited)
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Government-Wide Financial Statements (Continued)

- B. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the City into:

Governmental Activities that are principally supported by taxes and intergovernmental revenues, and

Business-Type Activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The following is the City's government wide financial information for the current and prior years in condensed form. Further details regarding these statements may be found on pages 14 and 15 of this financial report.

CITY OF GRETNA'S CONDENSED STATEMENT OF NET ASSETS
March 31, 2006 and 2005

	Governmental Activities 2006	Business-type Activities 2006	Total 2006	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Current and other assets	\$ 21,610,776	\$ 999,566	\$ 22,610,343	\$ 19,005,902	\$ 749,171	\$ 19,755,073
Capital assets	8,234,236	17,905,977	26,140,213	7,628,217	16,040,500	23,668,717
Total assets	29,845,012	18,905,544	48,750,556	26,634,119	16,789,671	43,423,790
Long term liabilities	12,993,533	2,852,572	15,846,105	11,179,051	3,084,022	14,263,073
Other liabilities	3,009,369	3,957,988	6,967,357	2,470,186	3,497,433	5,967,619
Total liabilities	16,002,902	6,810,560	22,813,462	13,649,237	6,581,455	20,230,692
Invested in capital assets, net of related debt	3,435,191	16,544,576	19,979,767	(2,444,063)	16,544,577	14,100,514
Restricted	9,645,113	229,880	4,736,917	8,923,135	35,934	8,959,069
Unrestricted	761,806	(4,679,472)	(3,917,667)	6,505,809	(6,372,745)	133,064
Total net assets	\$ 13,842,110	\$ 12,094,983	\$ 25,937,093	\$ 12,984,881	\$ 10,207,766	\$ 23,192,648

City of Gretna, Louisiana
Management's Discussion and Analysis
(Unaudited)
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CITY OF GRETNA'S CONDENSED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
March 31, 2006 and 2005

	Governmental Activities 2006	Business-type Activities 2006	Total 2006	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Revenues:						
Program revenues						
Charges for services	\$ 1,817,648	\$ 3,025,836	\$ 4,843,484	\$ 1,614,692	\$ 3,267,527	\$ 4,882,219
Operating grants and contributions	3,294,376	2,598,235	5,892,611	885,841	1,962,230	2,848,071
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Ad valorem taxes	4,082,192	384,371	4,466,563	4,145,960	390,204	4,536,164
Franchise taxes	757,098	-	757,098	752,134	-	752,134
Sales taxes	7,588,490	-	7,588,490	6,062,757	-	6,062,757
Occupational licenses	309,961	-	309,961	301,883	-	301,883
Intergovernmental revenues	5,707,836	-	5,707,836	4,364,360	-	4,364,360
Fines and forfeitures	522,857	-	522,857	551,953	-	551,953
Investment earnings	404,083	14,884	418,966	184,602	7,230	191,832
Gain (loss) on sale/retirement of fixed assets	-	-	-	10,093	-	10,093
Miscellaneous	874,297	92,648	966,944	614,199	175,483	789,682
Total revenues	25,358,836	6,115,975	31,474,811	19,488,474	5,802,674	25,291,148
Expenses:						
General government and administration	2,137,315	-	2,137,315	1,740,783	-	1,740,783
Public safety	12,244,839	-	12,244,839	9,742,595	-	9,742,595
Public works	9,084,811	-	9,084,811	6,792,916	-	6,792,916
Culture and recreation	575,970	-	575,970	551,350	-	551,350
Cemetery	46,984	-	46,984	42,126	-	42,126
Interest on long term debt	411,690	-	411,690	399,556	-	399,556
Water and sewer	-	4,228,756	4,228,756	-	3,900,287	3,900,287
	<u>24,501,608</u>	<u>4,228,756</u>	<u>28,730,365</u>	<u>19,269,326</u>	<u>3,900,287</u>	<u>23,169,613</u>
Increases in net assets	857,229	1,887,218	2,744,446	219,148	1,902,387	2,121,535
Net assets - beginning of the year - originally stated	12,984,882	10,207,766	23,192,648	12,984,234	8,305,379	21,289,613
Prior period adjustment	-	-	-	(218,500)	-	(218,500)
Net assets - beginning of the year - restated	<u>12,984,882</u>	<u>10,207,766</u>	<u>23,192,648</u>	<u>12,765,734</u>	<u>8,305,379</u>	<u>21,071,113</u>
Net assets - end of the year	\$ 13,842,110	\$ 12,094,983	\$ 25,937,093	\$ 12,984,882	\$ 10,207,766	\$ 23,192,648

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Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$25,937,093 (*net assets*). Of this amount, \$3,917,667 are unrestricted net assets. The City's net assets are comprised of \$13,842,110 from Governmental Activities and \$12,094,983 from Business-Type Activities as shown on page 14. The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery & equipment, vehicles, and City infrastructure, acquired since April 1, 2003), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental Activities

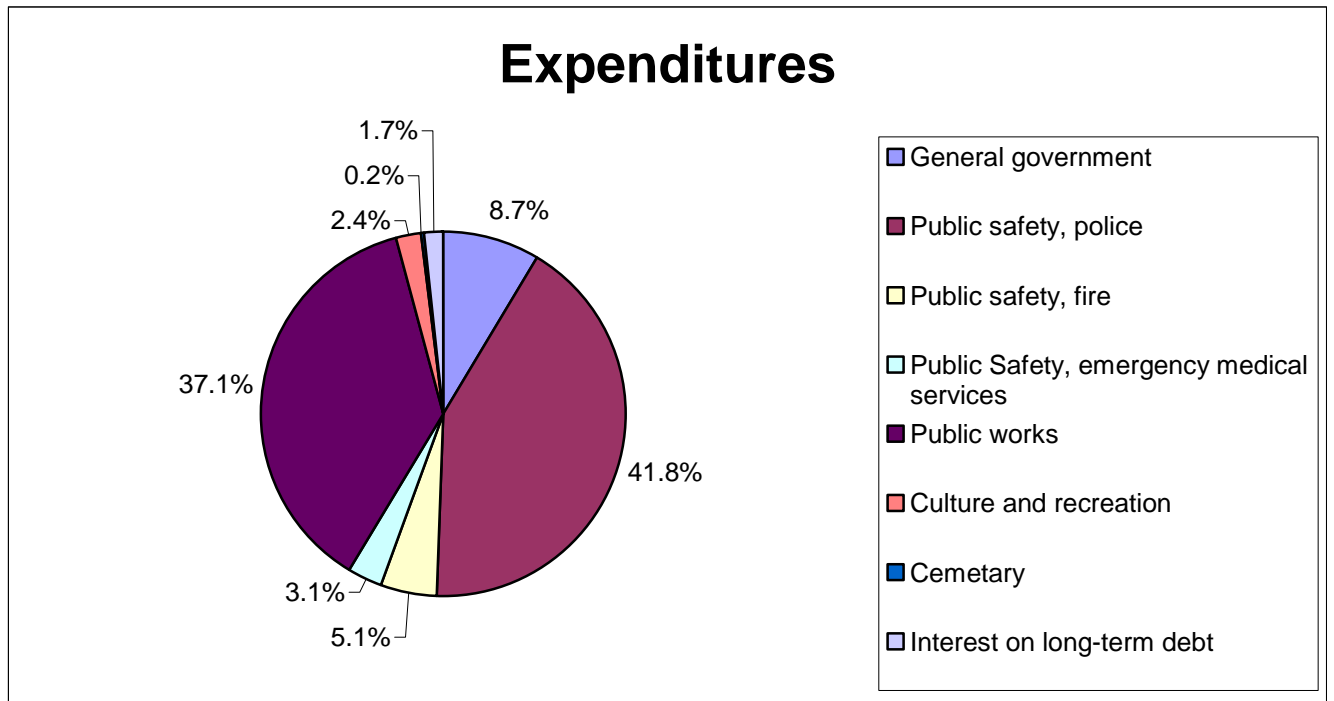
The Governmental Activities of the City include General Government, Public Safety, Public Works, Cemetery, Culture and Recreation, and Miscellaneous Programs. Sales taxes, ad valorem taxes, franchise taxes, and intergovernmental revenues as well as occupational licenses and fines fund most of these governmental activities.

Here we show the City's expenditures related to those functions typically associated with governments. In the chart below, General Government includes the following departments: Legislative (City Council,) Executive, Financial, Tax Collection and other General Administration. Public Safety encompasses the Police, Fire, and Emergency Medical Services. Public Works is made up of the Street and Drainage Departments, Capital Projects and contractual service for solid waste pickup and disposal. Culture & Recreation contain the cost of operating the City's parks as well as the Office of Tourism and Social Services for the Aged.

City of Gretna, Louisiana
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(Unaudited)
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Governmental Activities Expenditures

	Amount	Percentage
General government	\$ 2,137,315	8.72%
Public safety, police	10,231,772	41.76%
Public safety, fire	1,242,171	5.07%
Public Safety, emergency medical services	770,896	3.15%
Public works	9,084,810	37.08%
Culture and recreation	575,970	2.35%
Cemetary	46,984	0.19%
Interest on long-term debt	411,690	1.68%
	<u>\$ 24,501,608</u>	<u>100%</u>



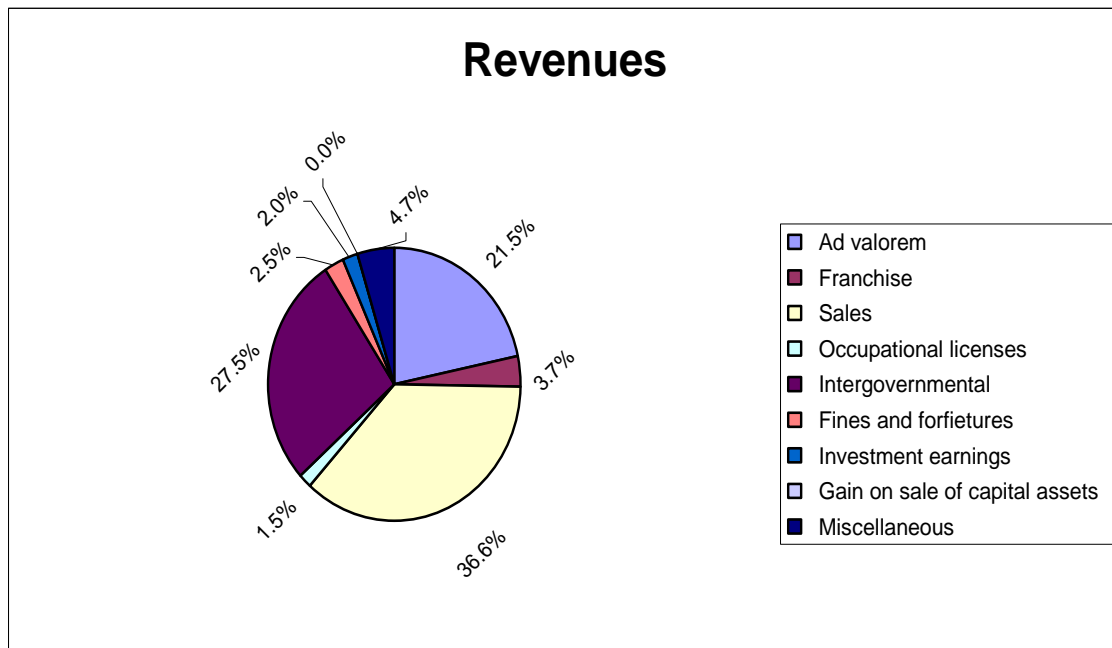
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General Revenues and Program Revenues

General revenues and program revenues are those available for the City to use to pay for the governmental activities described above. The following chart shows the City's general revenues.

General Revenues and Program Revenues

	Amount	Percentage
Taxes:		
Ad valorem	\$ 4,466,563	21.54%
Franchise	757,098	3.65%
Sales	7,588,490	36.59%
Occupational licenses	309,961	1.49%
Intergovernmental	5,707,836	27.52%
Fines and forfeitures	522,857	2.52%
Investment earnings	418,966	2.02%
Gain on sale of capital assets	-	0.00%
Miscellaneous	966,944	4.66%
	<u>\$ 20,738,714</u>	<u>100.00%</u>



City of Gretna, Louisiana
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Sales Taxes

Sales taxes are the largest revenue source for the City comprising 34.5 % of total governmental revenue (see pie chart).

Property Taxes

Property taxes are the second largest revenue source for the City comprising 25.8% of governmental revenue. For the year ended March 31, 2006, taxes of 51.13 mills were levied on property inside of the City limits.

The following are details of the City's various millages.

		Date	Expiration	Taxes
	Property Tax	Enacted	Date	Levied
	General Alimony	5.25	*	\$ 458,624
	Ambulance	3.59	October 3, 1998	October 3, 2007
	Ambulance	2.69	July 19, 2003	July 19, 2012
	Fire Protection	1.59	October 20, 2001	October 20, 2010
	Fire Protection	4.15	October 20, 2001	October 20, 2011
	Fire Protection	3.31	October 18, 1997	October 18, 2006
	Fire Protection	7.06	July 18, 1998	July 18, 2007
	Police Protection	7.00	October 20, 2001	October 20, 2001
	Police Protection	4.00	July 19, 2003	July 19, 2012
	Recreation	2.26	October 20, 2001	October 20, 2011
	Recreation	2.00	July 19, 2003	July 19, 2012
	Services to the Aged	0.50	October 20, 2001	October 20, 2011
	Sewer Maintenance	2.00	October 7, 2000	October 7, 2009
	Sewer Maintenance	2.40	July 16, 2005	July 15, 2015
	Street Light Maintenance	3.33	July 16, 2005	July 15, 2015
		51.13		\$ 4,466,563

* The General Alimony millage was enacted by the state legislature and as such has no expiration date.

Business-Type Activities

The Business-Type Activities of the City are those that the City charges a fee to customers to help cover all or most of the cost of certain services its provides. The City's water and sewer departments are reported here.

City of Gretna, Louisiana
Management's Discussion and Analysis
(Unaudited)
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Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: Governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for most of the City's basic services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on pages 17 and 19.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Protection Fund, Riverboat Casino Fund, Capital Projects Fund, and the Sales Tax Fund, all of which are considered to be major funds. Data from the other governmental funds (Garbage Fund, Parks and Recreation Fund, Social Services For The Aged Fund, Street Lights Fund, Tourism Fund, Ambulance Fund, Home Incarceration Fund, Court Security Fund, Court Security Fund 2nd Parish, and Observatory Fund) are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,826,817 of which \$9,645,113 is reserved and \$9,181,704 is unreserved. The unreserved fund balance in the General Fund is \$1,250,345.

The Reserved Fund balance of \$3,407,859 in the Capital Projects Fund represents a commitment to various water, sewer and drainage projects funded by sales tax revenue bonds issued in February 2004.

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Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Supplemental Information portion of this report, beginning on page 56.

Proprietary Funds

Proprietary funds or Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

Notes to financial statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 44 of this report.

Other Supplementary Information

Combining statements of the Non-major Governmental Funds have been provided on pages 56 and 57.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of March 31, 2006 amounts to \$26,140,213 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, etc. and infrastructure assets acquired since April 1, 2003. The City has not yet included infrastructure assets acquired before that date. The required date for inclusion of infrastructure assets is the fiscal year ended March 31, 2008. The City intends to implement infrastructure improvements acquired before April 1, 2003 by that date.

Additional information on the City's capital assets can be found in Note C3 on pages 34 through 36 of this financial report.

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Long-Term Debt

The City's long-term debt structure is as follows:

Governmental Activity

Bonded Debt	\$ 10,050,000
Compensated Absences	<u>1,432,758</u>
	\$ 11,482,758

Business Type Activity

Water Fund Participation Notes	\$ 1,155,555
Sewer Fund Participation Notes	<u>1,776,631</u>
	\$ 2,932,186

Total long-term debt for the year ended March 31, 2006 is \$14,414,944. Long-term debt decreased by \$458,018 during this fiscal year.

The bonded debt was incurred to modernize the City's Water and Sewer operations and to provide for improved drainage. It is expected that all projects will be completed by 2007.

Economic Factors and Next Year's Budget and Rates

Economic Factors

The City of Gretna's Water Treatment Plant was constructed in the 1930's with major expansion in the 60's and 70's. The Waste Water Treatment Plant became operational in the early 1970's. With the passage of time, combined with new federal regulations requiring stricter standards for clean water and sewer treatment, the City was faced with required major improvements which could not be financed through the normal operation of both facilities. Accordingly, the City issued Sales Tax Revenue Bonds of \$10,880,000, paying out a 1993 bond issue, resulting in net proceeds of approximately \$8,500,000 to finance the required improvements.

It was also determined that the City was not maximizing its water and sewer revenues because of defective water meters. Therefore, a portion of the bond issue will be used to replace all of the approximately 1,700 water meters. New water meters are expected to provide accurate consumption readings of water resulting in an increase in water and sewer revenues. The improvements to both plants will provide more efficient operation and decreasing operational cost.

Construction has begun on the above-mentioned improvements and all projects are expected to be completed within two years.

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Economic Factors (Continued)

The City continues to enjoy a robust real estate market. Sales of residences in the City are at record prices and substantial new construction and renovation efforts are underway. This should result in increased Ad Valorem taxes and utility revenues to the City with minimal associated cost and expenditures.

Next Year Budgets and Rates

Budgets

Due to the continuing effects of Hurricane Katrina on the Greater New Orleans area including the City of Gretna, this financial report was not issued until after the close of the subsequent Fiscal year. Preliminary unaudited and unadjusted financial information indicates that the City has continued to withstand the financial difficulties presented by the Hurricane. The City's revenue from sales tax collections for the fiscal year ended March 31, 2007 was up approximately 20% from the previous year. In recent months the sales tax collections are tapering off but still significantly higher than pre Katrina levels. Although expenditures incurred as a result of the Hurricane were substantial it is believed at this time that most of these will be subject to reimbursement from the Federal and State Governments. The process of requesting and receiving reimbursement is ongoing.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be address to Rudolph DuSaules, CPA, Finance Director, P O Box 404, Gretna, Louisiana 70054-0404.

BASIC FINANCIAL STATEMENTS

CITY OF GRETN, LOUISIANA
STATEMENT OF NET ASSETS
March 31, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,198,693	\$ 17,635	\$ 1,216,328
Investments	4,290,657	1,184	4,291,841
Receivables, net	4,930,990	705,708	5,636,698
Due from other funds	3,273,482	-	3,273,482
Due from other governments	1,316,406	-	1,316,406
Restricted cash	4,956,597	73,628	5,030,225
Restricted investments	1,276,636	201,412	1,478,048
Unamortized bond cost	367,315	-	367,315
Capital assets (net)	<u>8,234,236</u>	<u>17,905,977</u>	<u>26,140,213</u>
Total assets	29,845,012	18,905,544	48,750,556
LIABILITIES			
Accounts payable	1,619,832	187,580	1,807,413
Current portion of long-term obligations	410,000	179,000	589,000
Accrued liabilities	650,959	29,529	680,488
Due to other funds	-	3,273,482	3,273,482
Customer deposits	-	288,397	288,397
Deferred revenue	328,578	-	328,578
Non-current portion of accrued liabilities	1,250,033	99,386	1,349,419
Non-current portion of long-term obligations	<u>11,743,500</u>	<u>2,753,186</u>	<u>14,496,686</u>
Total liabilities	<u>16,002,902</u>	<u>6,810,560</u>	<u>22,813,462</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,190,189	16,544,576	23,734,765
Debt related to restricted net assets	(3,754,998)	-	(3,754,998)
Restricted for:			
Capital projects	4,507,037	229,880	4,736,917
Debt service	3,076,803	-	3,076,803
Other purposes	2,061,274	-	2,061,274
Unrestricted	<u>761,806</u>	<u>(4,679,472)</u>	<u>(3,917,667)</u>
Total net assets	<u>\$ 13,842,110</u>	<u>\$ 12,094,983</u>	<u>\$ 25,937,093</u>

CITY OF GRETN, LOUISIANA
STATEMENT OF ACTIVITIES
For The Year Ended March 31, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General government	\$ 2,116,296	\$ 918,608	\$ -	\$ -	\$ (1,197,688)	\$ -
Public safety	12,244,839	-	3,209,076	-	(9,035,763)	-
Public works	6,507,594	896,240	85,300	-	(5,526,053)	-
Culture and recreation	575,970	2,800	-	-	(573,170)	-
Cemetery	46,984	-	-	-	(46,984)	-
Interest on long-term debt	411,690	-	-	-	(411,690)	-
Total governmental activities	21,903,372	1,817,648	3,294,376	-	(16,791,348)	-
Business-type activities:						
Water	2,185,526	1,892,197	-	-	-	(293,329)
Sewer	2,043,231	1,133,639	-	-	-	(909,591)
Total business-type activities	4,228,756	3,025,836	-	-	-	(1,202,920)
Total	\$ 26,132,129	\$ 4,843,485	\$ 3,294,376	\$ -	(16,791,348)	(1,202,920)
General Revenues:						
Taxes:						
Ad valorem taxes					4,082,192	384,371
Franchise taxes					757,098	-
Sales taxes					7,588,490	-
Occupational licenses					309,961	-
Intergovernmental revenues					5,707,836	-
Fines and forfeitures					522,857	-
Investment earnings					404,083	14,884
Gain on sale of capital assets					-	-
Miscellaneous					874,296	92,648
Transfers					(2,598,235)	2,598,235
Total general revenues and transfers					17,648,577	3,090,137
Change in net assets					857,229	1,887,217
Net assets - beginning of the year - originally stated					12,984,882	10,207,766
Prior period adjustment					-	-
Net assets - beginning of the year - restated					12,984,882	10,207,766
Net assets - end of the year					\$ 13,842,111	\$ 12,094,983
						\$ 25,937,093

The accompanying notes are an integral part of this statement.

CITY OF GRETN, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2006

	General Fund	Fire Protection Fund	Riverboat Casino Fund	Capital Projects Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 235,132	\$ 16,470	\$ 151,113	\$ 144,203	\$ 65	\$ 651,710	\$ 1,198,693
Investments	865,159	861,690	2,148,358	415,450	-	-	4,290,657
Receivables, net	2,210,680	1,406,338	-	-	90	1,313,882	4,930,980
Due from other funds	4,183,137	-	945,000	2,791,952	-	200,869	8,120,957
Due from other governments	591,182	-	196,447	99,523	-	429,254	1,316,406
Restricted assets							
Cash and cash equivalents	107,850	-	-	3,875,600	973,148	-	4,956,597
Investments	1,276,636	-	-	-	-	-	1,276,636
Total assets	<u>\$ 9,469,775</u>	<u>\$ 2,284,498</u>	<u>\$ 3,440,918</u>	<u>\$ 7,326,728</u>	<u>\$ 973,303</u>	<u>\$ 2,595,715</u>	<u>\$ 26,090,937</u>
LIABILITIES & FUND BALANCE							
Liabilities							
Accounts payable	\$ 612,595	\$ 974	\$ -	\$ 594,007	\$ -	\$ 412,257	\$ 1,619,832
Accrued liabilities	464,611	-	-	3,623	-	-	468,234
Deferred revenue	328,578	-	-	-	-	-	328,578
Due to other funds	2,596,625	1,959	1,444,134	16,945	-	787,812	4,847,475
Total liabilities	<u>4,002,409</u>	<u>2,933</u>	<u>1,444,134</u>	<u>614,575</u>	<u>-</u>	<u>1,200,069</u>	<u>7,264,120</u>
Fund balance							
Reserved for:							
Debt service	2,000,000	-	-	103,500	973,303	-	3,076,803
Encumbrances	-	-	-	-	-	-	-
Prior year encumbrances	103,302	-	-	44,177	-	2,567	150,045
Subsequent year expenditures	202,488	-	-	35,000	-	-	237,488
Capital expenditures	-	861,690	-	-	-	-	861,690
Prepaid expenses	-	-	-	-	-	-	-
Bond projects	-	-	-	3,407,859	-	-	3,407,859
Employment and insurance obligations	1,911,228	-	-	-	-	-	1,911,228
Unreserved, reported in:							
General fund	1,250,348	-	-	-	-	-	1,250,348
Capital projects fund	-	-	-	3,121,618	-	-	3,121,618
Debt service fund	-	-	-	-	-	-	-
Special revenue funds	-	1,419,875	1,996,784	-	-	1,393,079	4,809,738
Total fund balances	<u>5,467,366</u>	<u>2,281,565</u>	<u>1,996,784</u>	<u>6,712,153</u>	<u>973,303</u>	<u>1,395,646</u>	<u>18,826,817</u>
Total liabilities and fund balance	<u>\$ 9,469,775</u>	<u>\$ 2,284,498</u>	<u>\$ 3,440,918</u>	<u>\$ 7,326,728</u>	<u>\$ 973,303</u>	<u>\$ 2,595,715</u>	<u>\$ 26,090,937</u>

The accompanying notes are an integral part of this statement.

CITY OF GRETN, LOUISIANA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
March 31, 2006

Fund balances - total governmental funds	\$	18,826,817
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets		14,354,538
Less: accumulated depreciation		(6,120,302)

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Accrued interest receivable		-
Receivables, net of allowance for doubtful accounts of		-
Receivable from other governments		-

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable		(12,153,500)
Unamortized bond cost		367,315
Accrued compensated absences		(1,432,758)

Net assets of governmental activities	\$	<u>13,842,110</u>
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CITY OF GRETN, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended March 31, 2006

	General Fund	Fire Protection Fund	Riverboat Casino Fund	Capital Projects Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes							
Ad valorem	\$ 1,419,551	\$ 1,407,321	\$ -	\$ -	\$ -	\$ 1,255,320	\$ 4,082,192
Sales	6,739,342	-	-	-	800,805	48,342	7,588,490
Franchise	757,098	-	-	-	-	-	757,098
Intergovernmental	4,146,338	71,180	3,144,574	97,696	-	1,542,426	9,002,213
Charges for services	143,628	-	-	-	-	1,124,415	1,268,043
Fines and forfeitures	522,857	-	-	-	-	-	522,857
Licenses and permits	859,566	-	-	-	-	-	859,566
Miscellaneous	1,023,105	21,301	43,576	184,544	37,097	16,059	1,325,681
Total revenues	15,611,483	1,499,801	3,188,149	282,239	837,902	3,986,563	25,406,139
Expenditures:							
Current:							
General government	1,969,568	-	-	-	-	-	1,969,568
Public safety	8,299,806	1,242,171	-	-	-	2,163,016	11,704,993
Public works	4,216,586	-	-	642,954	-	1,511,804	6,371,344
Culture and recreation	-	-	-	-	-	528,236	528,236
Cemetery	46,984	-	-	-	-	-	46,984
Capital outlay	653,667	-	-	576,422	-	172,808	1,402,897
Debt service:							
Principal	-	-	-	-	410,000	-	410,000
Interest	-	-	-	-	391,284	-	391,284
Total expenditures	15,186,611	1,242,171	-	1,219,376	801,284	4,375,864	22,825,306
Excess (deficiency) of revenues over expenditures	424,872	257,631	3,188,149	(937,137)	36,619	(389,301)	2,580,833
Other financing sources (uses):							
Transfers in	327,096	-	-	2,325,000	-	161,987	2,814,083
Transfers out	(99,746)	-	(2,871,055)	(2,441,516)	-	-	(5,412,318)
Proceeds from loans	2,000,000	-	-	103,500	-	-	2,103,500
Total other financing sources (uses)	2,227,350	-	(2,871,055)	(13,016)	-	161,987	(494,735)
Excess (deficiency) of revenues over expenditures and other uses	2,652,222	257,631	317,094	(950,153)	36,619	(227,314)	2,086,099
Fund balances - beginning of the year	2,815,144	2,023,936	1,679,690	7,662,306	936,684	1,622,961	16,740,722
Prior period adjustment	-	-	-	-	-	-	-
Fund balances - end of the year	\$ 5,467,367	\$ 2,281,566	\$ 1,996,784	\$ 6,712,153	\$ 973,304	\$ 1,395,647	\$ 18,826,817

CITY OF GRETNA, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended March 31, 2006

Net change in fund balances - total governmental funds	\$ 2,086,099
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation charged in the current period.	1,531,586
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales trade-ins, and donations) is to increase (decrease) net assets.	(925,567)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds because:

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments net of amortization of bond issuance cost.	(1,713,906)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	<u>(120,982)</u>
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Change in net assets of governmental activities	<u>\$ 857,229</u>
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CITY OF GRETN, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
March 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL WATERWORKS SYSTEM	MUNICIPAL SEWER SYSTEM	TOTAL
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 100	\$ 17,534	\$ 17,635
Investments	1,184	-	1,184
Receivables, net	212,361	493,347	705,708
Total current assets	213,645	510,881	724,527
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	73,618	10	73,628
Investments	201,412	-	201,412
Capital assets, net	7,090,286	10,815,692	17,905,977
Total noncurrent assets	7,365,315	10,815,702	18,181,017
Total assets	7,578,961	11,326,583	18,905,544
LIABILITIES			
Current liabilities:			
Current portion of long-term debt	71,600	107,400	179,000
Accounts payable	90,770	96,810	187,580
Accrued liabilities	224	417	641
Accrued compensated absences	13,648	15,240	28,888
Total current liabilities	176,242	219,867	396,109
Noncurrent liabilities:			
Customer deposits	288,397	-	288,397
Notes payable	1,083,955	1,669,231	2,753,186
Accrued compensated absences	23,055	76,331	99,386
Due to other funds	2,193,835	1,079,647	3,273,482
Total noncurrent liabilities	3,589,242	2,825,209	6,414,450
Total liabilities	3,765,484	3,045,076	6,810,560
NET ASSETS			
Invested in capital assets, net of related debt	6,693,960	9,850,616	16,544,576
Restricted for capital projects	-	229,880	229,880
Unrestricted	(2,880,483)	(1,798,989)	(4,679,472)
Total net assets	\$ 3,813,477	\$ 8,281,507	\$ 12,094,983

CITY OF GRETN, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended March 31, 2006

**BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS**

	MUNICIPAL WATERWORKS SYSTEM	MUNICIPAL SEWER SYSTEM	TOTAL
Operating revenues:			
Charges for services	\$ 1,892,197	\$ 1,133,639	\$ 3,025,836
Miscellaneous	<u>62,525</u>	<u>30,124</u>	<u>92,649</u>
Total operating revenues	1,954,722	1,163,763	3,118,485
Operating expenses:			
Personnel expense	893,187	762,620	1,655,808
Operating supplies and purchases	417,700	254,527	672,227
Building and maintenance expenses	167,658	227,924	395,581
Outside service	38,173	215,948	254,121
Transportation	25,236	18,930	44,166
General expenses	178,984	172,487	351,472
Bad debt expense	20,917	12,841	33,758
Depreciation	<u>398,382</u>	<u>308,323</u>	<u>706,705</u>
Total operating expenses	<u>2,140,237</u>	<u>1,973,601</u>	<u>4,113,837</u>
Net operating income (loss)	(185,515)	(809,838)	(995,352)
Nonoperating revenue (expense):			
Investment income	14,707	176	14,884
Gain (loss) on disposal of fixed assets	-	-	-
Interest expense	(45,289)	(69,630)	(114,919)
Ad valorem taxes	<u>-</u>	<u>384,371</u>	<u>384,371</u>
Total nonoperating revenue (expense)	<u>(30,582)</u>	<u>314,917</u>	<u>284,335</u>
Net income (loss) before contributions and transfers	(216,096)	(494,921)	(711,017)
Capital contributions	-	-	-
Operating transfers in	1,537,008	1,061,227	2,598,235
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	1,320,912	566,306	1,887,218
Net assets - beginning of year	<u>2,492,565</u>	<u>7,715,201</u>	<u>10,207,766</u>
Net assets - end of year	<u>\$ 3,813,477</u>	<u>\$ 8,281,508</u>	<u>\$ 12,094,984</u>

CITY OF GRETN, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended March 31, 2006

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	MUNICIPAL WATERWORKS SYSTEM	MUNICIPAL SEWER SYSTEM	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,961,707	\$ 876,422	\$ 2,838,129
Payments to suppliers	(875,391)	(940,954)	(1,816,345)
Payments to employees	(893,187)	(762,620)	(1,655,807)
Receipts of customer meter deposits	106,152	-	106,152
Refunds of customer meter deposits	(99,400)	-	(99,400)
Net cash provided (used) by operating activities	199,881	(827,152)	(627,271)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Ad valorem taxes	-	384,371	384,371
Net cash provided by noncapital financing activities	-	384,371	384,371
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	-	-	-
Increase (decrease) in compensated absence:	(39,841)	(12,609)	(52,450)
Operating subsidies and transfers from other funds	1,537,008	1,061,227	2,598,235
Operating transfers in	4,596,985	5,997,829	10,594,814
Operating transfers out	(4,912,298)	(5,173,694)	(10,085,992)
Purchases of capital assets	(1,305,935)	(1,266,697)	(2,572,632)
Principal paid on capital debt	(66,601)	(102,398)	(168,999)
Interest paid on capital debt	(45,289)	(69,630)	(114,919)
Net cash provided (used) by capital and related financing activities	(235,971)	434,028	198,057
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	-	-
Purchases of investments	(5,333)	-	(5,333)
Interest and dividends	14,707	176	14,883
Net cash provided (used) by investing activities	9,374	176	9,550
Net increase (decrease) in cash and cash equivalents	(26,716)	(8,577)	(35,293)
Cash and cash equivalents - beginning of the year	100,434	26,122	126,556
Cash and cash equivalents - end of the year	73,718	17,545	91,263
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(185,515)	(809,838)	(995,353)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	398,382	308,323	706,705
Change in assets and liabilities:			
Receivables, net	6,985	(287,341)	(280,356)
Accounts and other payables	(26,909)	(38,703)	(65,612)
Customer meter deposits payable	6,752	-	6,752
Accrued expenses	186	407	593
Net cash provided by operating activities	\$ 199,881	\$ (827,152)	\$ (627,271)

NOTES TO FINANCIAL STATEMENTS

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General Statement

The City of Gretna, Louisiana (the City) was incorporated in June 1913, under the provisions of the Lawrason Act. The City operates under a Mayor and City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, drainage, sanitation, health, social services, recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the City conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidelines set forth in the *Louisiana Municipal Audit and Accounting Guide*, and the industry audit guide, *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The accompanying basic financial statements have been prepared in conformity with GASB 34, Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments. The more significant accounting policies of the City are described below.

2. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

3. Basis of Presentation

The government-wide financial statements (the statement of net assets) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Fire Protection Fund

The Fire Protection Fund is used to account for a 16.11 mills in ad valorem tax specifically dedicated for the purchase and maintenance of fire fighting equipment and to provide for payment of contractual obligations to the City's two volunteer fire companies to provide fire protection to the City and its citizens.

Riverboat Casino Fund

The Riverboat Casino Fund is used to account for the collection of revenues dedicated to the City by Jefferson Parish from the operations of the Boomtown Belle Casino. These revenues are dedicated annually to various City funds by action of the City Council.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Presentation (Continued)

Capital Projects Fund

The Capital Projects Fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and major capital improvements.

Sales Tax Fund

The Sales Tax Fund is used to account for the collection of Sales Tax revenues and the payment of principal and interest on the Series 2004 Sales Tax Bonds.

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

Municipal Waterworks System Fund

The Municipal Waterworks System Fund is to account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

Municipal Sewer System Fund

The Municipal Sewer System Fund is to account for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service billing.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the Parish at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

5. Budgets and Budgetary Accounting

The procedures used by the City in establishing the budgetary data reflected in the financial statements are as follows:

- a. Not less than 30 days before the end of the fiscal year, the Mayor recommends to the City Council a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is summarized and advertised and the public notified that the proposed budget is available for inspection and that within 10 days thereafter public hearings are conducted to obtain taxpayer comments.
- c. The budget is then legally enacted through Councilmanic ordinance.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Budgets and Budgetary Accounting (Continued)

- d. Any revisions that alter the total expenditures of a department or line item changes within the department must be approved by the City Council.
- e. The level of budget control is at the division, department, or project level; and expenditures/encumbrances may not exceed appropriations until additional appropriations have been provided. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Fund, and Enterprise Funds. Effective control of cost is, therefore, maintained by Councilmanic action that approves a budget for each project and is controlled on a project life basis.
- f. Budgets for the General Fund, Special Revenue Funds, Capital Projects Fund and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. Budgetary comparisons presented for the General Fund, Major Special Revenue Funds, and Capital Projects Fund in the accompanying financial statements are on this non-GAAP budgetary basis. Budgeted amounts are as originally adopted or as finally amended by the City Council.
- g. All unencumbered appropriations lapse at the end of each fiscal year.

6. Cash and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash. Investments are stated at cost.

The City maintains a cash investment pool (Central Depository Account) that is used by all of the City's funds. Each fund's portion of this cash pool is displayed on the combined balance sheet as cash. Investments are separately held by several of the City's funds.

Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation.

7. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Interfund Receivables and Payables.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "due to from other funds".

9. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

10. Restricted Assets

Restricted Assets include cash and investments in the General, Capital Projects, Sales Tax and Proprietary Funds which are restricted as to their use. These restrictions are principally related to requirements of bond issues and utility meter deposits. It is the City's policy to use restricted assets before unrestricted assets for their intended purpose.

11. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$300 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Description</u>	<u>Life In Years</u>
Buildings	30-50
Water and Sewer Systems	40-50
Infrastructure	20-35
Machinery and Equipment	5-10
Improvements	20

GASBS No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and its

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Capital Assets (Continued)

first effective for fiscal years ending in 2008. The City elected to implement the general provisions of GASBS No. 34 in the fiscal year ended March 31, 2004 and hope to implement the retroactive infrastructure provisions (under the modified approach) in the fiscal year ending March 31, 2008.

12. Compensated Absences

Employees are allowed to accrue annual leave, in addition, employees are allowed to accrue up to 45 days of sick leave. The balance accumulated is paid to employees upon termination. The current and non-current portion of this obligation in the governmental funds are recorded in the government-wide financial statements. The current and non-current balance of this obligation in the proprietary funds are recorded in the fund financial statements.

13. Long Term Debt

Long Term Debt obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements.

Long Term Debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest are reported as expenditures in the fund statements.

The reporting of Long Term Debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

14. Fund Equity

Equity Classifications

Government-Wide Financial Statements

In the Government-Wide Financial Statements equity is classified as net assets and displayed in three components:

- a. **Invested in capital assets, net of related debt** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted net assets** – Consists of net assets with constraints placed on the use either by:
 1. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 2. law through constitutional provisions or enabling legislation.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Equity (Continued)

- c. **Unrestricted net assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements

In the Fund Financial Statements governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

15. Revenues and Expenditure Recognition

- a. **Ad Valorem Taxes.** Ad Valorem taxes are recognized in the fiscal year in which the taxes are levied. Taxes are due and become an enforceable lien on property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). City taxes are billed and collected by the City.

Taxes become delinquent on January 1st in the year after levy. Taxes are levied on property values determined by the Jefferson Parish Assessor's Office. All land and residential improvements are assessed at 10 percent of its fair market value and other property at 15 percent of its fair market value. Ad valorem taxes are levied (per \$1,000 assessed value) in varying amounts for maintenance and operation, debt service and capital improvements for the City and are distributed to its funds as follows:

<u>FUND</u>	<u>2005 MILLAGE</u>
General Fund	16.25
Fire Protection Fund	16.11
Recreation Fund	4.26
Street Light Improvements Fund	3.33
Ambulance Fund	6.28
Social Services For The Aged	.50
Municipal Sewer System Fund	<u>4.40</u>
	<u>51.13</u>

- b. **Revenues Susceptible to Accrual.** Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are property taxes, sales taxes, franchise fees, charges for services, and certain state shared revenues such as tobacco tax and beer tax.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE B - STEWARDSHIP AND ACCOUNTABILITY

1. Budgets and Budget monitoring

The City adopts annual budgets for its governmental and enterprise funds on a basis consistent with generally accepted accounting principles. Details of the budget adoption process are presented at Note A-5.

The following funds had actual expenditures over budgeted appropriations for the year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$10,257,503	\$10,739,232	\$15,157,212	\$4,417,980
Court Security Fund	669,153	669,153	814,125	144,891

The unfavorable variance is due to unbudgeted spending in the aftermath of Hurricane Katrina. Due to an oversight this additional spending was not submitted as an amendment to the budget.

2. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note C1 regarding cash, cash equivalents, and investments, the City was in compliance with the deposits and investments laws and regulations.

3. Deficit Fund Equity

The following individual funds have deficits in unreserved fund balance at March 31, 2006

Court Security Fund	\$33,470
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This deficit was the result of an increased cost due to payrolls and related costs due to Hurricane Katrina.

4. Compliance With Bond and Other Debt Covenants

As of March 31, 2006, the City was in compliance in all material respects with its various bond and debt covenants.

NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNTS

1. Cash, Cash Equivalents and Investments

a. Cash and Cash Equivalents.

At March 31, 2006, the City's cash and cash equivalents (book balances) total \$6,396,552. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance and/or the pledge

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

1. Cash, Cash Equivalents and Investments (Continued)

a. Cash and Cash Equivalents. (Continued)

of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually agreeable to both parties.

At March 31, 2006, the City had \$8,699,171 in deposits (collected bank balances) which includes \$181,405 in certificate of deposits. These deposits were fully secured from risk by \$518,072 of federal deposit insurance and \$8,486,924 pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the deposits are considered uncollateralized (Category 3) under the provisions of GASB Statement 3 since the pledged securities are held, LSA-R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the city that the fiscal agent bank has failed to pay deposited funds upon demand.

b. Investments

The City's investments in the Louisiana Asset Management Pool (LAMP) total \$5,619,889. LAMP is a local government investment pool established as a cooperative effort to enable public entities of the State of Louisiana to aggregate funds for investments.

In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.165 because the Investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

CITY OF GRETNA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem, sales taxes, franchise taxes, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem, sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The following is a summary of receivables for March 31, 2006, net of allowances for uncollectible amounts where applicable:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Revenue Funds</u>	<u>Proprietary Funds</u>
Taxes:			
Ad valorem	\$ 1,394,739	\$ 2,654,922	\$ 378,622
Sales and use	780,791	5,778	-
Other	31,515	-	-
Intergovernmental			
Federal-grant	136,203	-	-
State-grant	-	66,831	-
Other	454,979	658,705	-
Other:			
Accounts	-	59,298	307,529
Other	<u>3,635</u>	<u>-</u>	<u>19,557</u>
Total	<u>\$ 2,801,862</u>	<u>\$ 3,445,534</u>	<u>\$ 705,708</u>

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNT (Continued)

2. Receivables (Continued)

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at March 31, 2006.

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>
Taxes:			
Ad valorem	\$ 51,424	\$ 103,990	\$ 14,112
Other:			
Accounts	-	13,822	48,069
 Total	 \$ 51,424	 \$ 117,812	 \$ 62,181

3. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2006:

	<u>Balance March 31, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance March 31, 2006</u>
Capital Assets Not Depreciated				
Land	\$ 2,295,078	\$ -	\$ -	\$ 2,295,078
Other Capital Assets:				
Buildings & Improvements	\$ 2,153,632	\$ 1,274,685.00	\$ -	\$ 3,428,317
Furniture, fixtures and equipment	4,759,770	132,942	-	4,892,712
Vehicles and road machinery	2,743,915	767,213	-	3,511,128
Construction in progress	925,567	227,303	925,567	227,303
Total Other Capital Assets	\$ 10,582,884	\$ 2,402,143	\$ 925,567	\$ 12,059,460
Less Accumulated Depreciation:				
Buildings & Improvements	\$ 562,020	\$ 165,916	\$ -	\$ 727,936
Furniture, fixtures and equipment	2,575,187	338,452	-	2,913,639
Vehicles and road machinery	2,112,538	366,189	-	2,478,727
Construction in progress	-	-	-	-
	\$ 5,249,745	\$ 870,557	\$ -	\$ 6,120,302
Other Capital Assets Net	\$ 5,333,139	\$ 1,531,586	\$ 925,567	\$ 5,939,158
Totals	\$ 7,628,217	\$ 1,531,586	\$ 925,567	\$ 8,234,236

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTION CLASSES/ACCOUNT (Continued)

3. Capital Assets (Continued)

Governmental activities capital assets net of accumulated depreciation at March 31, 2006 are comprised of the following:

General Capital Assets, Net	\$ 8,234,236
Total	<u>\$ 8,234,236</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 146,728
Public Safety	539,846
Public Works	136,249
Culture and Recreation	<u>47,734</u>
Total	<u>\$ 870,557</u>

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended March 31, 2006:

	Balance March 31, 2005	Increases	Decreases	Balance March 31, 2006
Business-Type Activities:				
Land	\$ 299,988	\$ -	\$ -	\$ 299,988
Buildings	9,751,215	-	-	9,751,215
Furniture and fixtures	23,720	-	-	23,720
Equipment and Vehicles	16,813,720	1,977,526	-	18,791,246
Construction in Progress	<u>3,929,262</u>	<u>3,171,049</u>	<u>2,575,943</u>	<u>4,524,368</u>
	\$ 30,817,905	\$ 5,148,575	\$ 2,575,943	\$ 33,390,537
 Less: Accumulated Depreciation for:				
Buildings and Equipment	<u>14,777,855</u>	<u>706,705</u>	<u>-</u>	<u>15,484,560</u>
 Total	<u>\$ 16,040,050</u>	<u>\$ 4,441,870</u>	<u>\$ 2,575,943</u>	<u>\$ 17,905,977</u>

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)

3. Capital Assets (Continued)

Property, plant, and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	30-50 years
Equipment	5-20 years
Infrastructure	20-25 years

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Primary Government

Capital Outlay	\$ 2,402,143
Depreciation Expense	<u>(870,557)</u>
Total Adjustment	<u>\$ 1,531,586</u>

4. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities:

As of March 31, 2006, the governmental long-term debt of the financial reporting entity consisted of the following:

Compensated absences:

Employees accumulated balance recorded in the government-wide financial statements	\$ 1,432,758
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Sales Tax Bonds Series 2004

\$10,880,000 Serial Bonds dated February 6, 2004; Due in Annual Installments of \$420,000 to \$765,000 through February, 2024; Interest at 2.00% to 4.50% (Payable from pledge of the City's 1955 1% and 1966 1/2% Sales and Use Tax	\$ 10,050,000
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CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)

4. Long-Term Debt (continued)

EPA Brownsfield Loan

Revolving loan	\$ 103,500
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Community Disaster Loan

\$2,000,000 demand loan dated February 2, 2006 with annual interest at 2.74% due in February 1, 2011	<u>\$ 2,000,000</u>
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Total Government Activity Debt	<u>\$ 13,586,258</u>
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Business-Type Activities:

As of March 31, 2006, the long-term debt payable from proprietary fund resources consisted of the following:

Participation Notes:

Participation Notes (payable from fees paid by Municipal Waterworks and Sewer Fund Customers) were borrowed from a line of credit totaling \$4,000,000 made available to the City of Gretna by the Louisiana Local Government Environmental Facilities and Community Development Authority. These Notes carry an adjustable rate of interest at 1% over the "Bond Market Association Index". Final payment is due May 31, 2018. This debt is reflected as a liability in the City's Municipal Waterworks and Sewer System Fund.

\$ 2,932,186

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)

4. Long-Term Debt (Continued)

The following is a summary of changes in long-term debt for the year ended March 31, 2006:

Type of Debt	Balance at March 31, 2005	Additions or Bonds Issued	Bonds Retired and Other Deductions	Balance at March 31, 2006	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 1,311,776	\$ 369,619	\$ 248,637	\$ 1,432,758	\$ 182,725
Sales Tax Bonds Series 2004	10,460,000	-	410,000	10,050,000	410,000
EPA Brownsfield Loan	-	103,500	-	103,500	-
Community Disaster Loan	-	2,000,000	-	2,000,000	-
Total General Long-Term Debt	<u>\$ 11,771,776</u>	<u>\$ 2,473,119</u>	<u>\$ 658,637</u>	<u>\$ 13,586,258</u>	<u>\$ 592,725</u>
Business-Type Activities:					
Water Fund Participation Notes	\$ 1,222,156	\$ -	\$ 66,601	\$ 1,155,555	\$ 71,600
Sewer Fund Participation Notes	1,879,030	-	102,399	1,776,631	107,400
Total Business Type Activities Debt	<u>\$ 3,101,186</u>	<u>\$ -</u>	<u>\$ 169,000</u>	<u>\$ 2,932,186</u>	<u>\$ 179,000</u>

At March 31, 2006, the City of Gretn, Louisiana has accumulated \$973,303 in the Debt Service Fund for future debt requirements for the Sales Tax Bonds. The annual requirements to amortize all bonds and/or Participation Notes outstanding at March 31, 2006, including interest of \$4,303,723 are as follows:

Year Ending Date	Sales Tax Bonds Series 2004	Sewer and Water Participation Notes	Total
March 31, 2007	\$ 799,978	\$ 179,000	\$ 978,978
March 31, 2008	796,578	188,500	985,078
March 31, 2009	795,953	202,500	998,453
March 31, 2010	797,902	206,000	1,003,902
March 31, 2011	799,402	216,000	1,015,402
March 31, 2012 - February 1, 2024	10,363,910	1,940,186	12,304,096
	<u>\$ 14,353,723</u>	<u>\$ 2,932,186</u>	<u>\$ 17,285,909</u>
Interest Portion	<u>(4,303,723)</u>	<u>-</u>	<u>(4,303,723)</u>
	<u>\$ 10,050,000</u>	<u>\$ 2,932,186</u>	<u>\$ 12,982,186</u>

There are a number of limitations and restrictions contained in the bond indenture. The City is in compliance with all significant limitations and restrictions.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)

5. Segments of Enterprise Activities

Some services provided by the City of Gretna, Louisiana are financed by user charges, specifically the City's Municipal Waterworks and Sewer Systems. The significant financial data for these enterprises are as follows:

	Water System	Sewerage System	Total
Operating Revenues	\$ 1,954,722	\$ 1,163,763	\$ 3,118,485
Depreciation	\$ 398,382	\$ 308,323	\$ 706,705
Operating Income (Loss)	\$ (185,515)	\$ (809,838)	\$ (995,352)
Net Income (Loss)	\$ (216,096)	\$ (494,921)	\$ (711,017)
Working Capital	\$ 37,403	\$ 291,014	\$ 328,418
Change in Capital Contributions			
Property, Plant and Equipment:			
Additions	\$ 1,973,089	\$ 3,175,486	\$ 5,148,575
Deletions	\$ (667,154)	\$ (1,908,789)	\$ (2,575,943)
Total Assets	\$ 7,578,961	\$ 11,326,583	\$ 18,905,544
Obligations Payable	\$ 176,242	\$ 219,867	\$ 396,109
Participation Notes Payable	\$ 1,155,555	\$ 1,776,631	\$ 2,932,186
Equity	\$ 3,813,477	\$ 8,281,507	\$ 12,094,983

6. Interfund Receivables/Payables

The following is a summary of the Statement of Net Assets' interfund receivables/payables at March 31, 2006:

	Due From	Due To
General Fund:		
Water Enterprise Fund	\$ 2,386,959	\$ -
Sewer Enterprise Fund	<u>1,046,830</u>	<u>-</u>
Total General Fund	3,433,789	-
Special Revenue Funds:		
Garbage Fund	40,327	-
Parks & Recreation Fund	-	556
Riverboat Casino Fund	<u>-</u>	<u>200,079</u>
Total Special Revenue Funds		160,308
Water Enterprise Fund:		
General Fund	<u>233,451</u>	<u>2,427,286</u>
Total Water Enterprise Fund		2,193,835
Sewer Enterprise Fund:		
General Fund	\$ <u>556</u>	\$ <u>1,080,202</u>
Total Sewer Enterprise Fund		<u>1,079,646</u>
Total All Funds	<u>\$ 3,433,789</u>	<u>\$ 3,433,789</u>

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)

6. Interfund Receivables/Payable (Continued)

The following is a summary of the Governmental Funds Balance Sheet interfund receivables/payables at March 31, 2006

Governmental Funds Balance Sheet		
	<u>Due From</u>	<u>Due To</u>
General Fund:		
Fire Protection Fund	\$ 1,959	\$ -
Garbage Fund	21,123	\$ -
Observatory Fund	1,079	\$ -
Parks & Recreation Fund	64,747	-
Social Services Fund	-	20,722
Riverboat Casino Fund	-	945,000
Capital Projects Fund	-	1,626,952
Tourism Fund	14,668	-
Amulance Fund	265,599	-
Home Incarceration Fund	26,266	-
Court Security	353,907	-
Court Security 2nd Fund	-	3,950
Water Enterprise Fund	2,386,959	-
Sewer Enterprise Fund	1,046,830	-
Total General Fund	<u>4,183,137</u>	<u>2,596,624</u>
Special Revenue Funds:		
Fire Protection Fund	77,382	1,959
Garbage Fund	6,944	21,123
Observatory Fund	42,000	1,078
Parks & Recreation Fund	20,723	68,992
Social Services Fund	10,000	-
Street Lights Improvement Fund	945,000	-
Riverboat Casino Fund	2,791,952	1,444,134
Capital Projects Fund	-	16,945
Tourism Fund	-	14,668
Amulance Fund	-	265,599
Home Incarceration Fund	334	26,266
Court Security	39,481	354,242
Court Security 2nd Fund	4,004	35,845
Total Special Revenue Funds	<u>3,937,820</u>	<u>2,250,851</u>
Enterprise Funds:		
Water	-	2,193,835
Sewer	-	1,079,647
Total Enterprise Funds	<u>-</u>	<u>3,273,482</u>
Totals	<u>\$ 8,120,957</u>	<u>\$ 8,120,957</u>

CITY OF GRETNA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE C – NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)

7. Interfund Transfers

The following is a summary of the operating transfers between funds during the fiscal year ended March 31, 2006:

	Transfer In From	Transfer Out To
General Fund:		
Riverboat Casino Fund	\$ 309,000	\$ -
Capital Projects Fund	18,096	-
Court Security		6,394
Social Services Fund	-	24,450
Ambulance Fund	-	7,571
Recreation		8,234
Home Incarceration Fund	-	3,283
Court Security 2nd Fund	-	-
Water Fund	-	40,027
Sewer Fund	-	9,788
Total General Fund	327,096	99,747
Special Revenue Funds:		
Riverboat Casino Fund	-	2,871,055
Capital Projects Fund	2,325,000	2,441,516
Sales Tax Fund	-	-
Garbage Fund	37,055	-
Observatory Fund	5,000	-
Parks & Recreation Fund	78,234	-
Social Services Fund	24,450	-
Street Lights Fund	-	-
Ambulance Fund	7,571	-
Home Incarceration Fund	3,283	-
Court Security	6,394	-
Court Security 2nd Fund	-	-
Total Special Revenue Funds	2,486,987	5,312,571
Enterprise Fund		
Water	1,537,008	-
Sewer	1,061,227	-
Total Enterprise Funds	2,598,235	-
Total All Funds	\$ 5,412,318	\$ 5,412,318

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE D – OTHER NOTES

1. Pension Plans

Plan Membership. Substantially all of the City's full time employees, except certain police employees, are mandatory members of Plan A of the Municipal Employees Retirement System of Louisiana. Full time police employees hired after June 30, 1973, and those employed prior to that date that elected to join, are mandatory members of the State Municipal Police Employees' Retirement System. Both plans are cost sharing multiple-employer defined benefit plans established by Louisiana State Statutes.

At March 31, 2006, the City had 232 employees of which approximately 40% were participants in the Plan A System and 36% were participants in the State Municipal Police Employees Retirement System.

Pension Benefits - Plan A of the Municipal Employees' Retirement System of Louisiana. Under this System, a member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit under this System is equal to three percent of the member's average monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the retiree's surviving spouse and minor children.

Pension Benefits - State Municipal Police Employees' Retirement System. Under this System, a member is eligible for normal retirement if he has at least 20 years of service and is at least 55 years old, or 12 years of service and is at least 60 years old. The monthly retirement benefit under this System is equal to 3 1/3% of the member's average monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the retiree's surviving spouse and minor children.

Funding Policy. Employees covered under Plan A of the Municipal Employees' Retirement system of Louisiana are required by State Statute to contribute 9.25% of their salary. Employees covered under the State Municipal Police Employees Retirement System are required by State Statute to contribute 7.5% of their earnable compensation (includes state supplemental pay but excludes overtime pay). The City contributes both the employee and employer amounts for both plans and takes no deduction from the employees' pay. Employer contributions are determined by actuarial computation and are subject to change each year as provided for by State Statute.

**CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE D – OTHER NOTES (Continued)

1. Pensions Plans (Continued)

The City's contributions to each plan required by State Statute are as follows:

Fiscal Year Ended	<u>MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSEM</u>		<u>MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA – PLAN A</u>	
	<u>Required Contribution</u>	<u>Percentage Contribution</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
March 31, 2006	\$ 794,483	100 %	\$ 727,301	100 %
March 31, 2006	\$ 814,629	100 %	\$ 640,775	100 %
March 31, 2004	\$ 538,837	100 %	\$ 611,545	100 %

The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the Systems. These reports may be obtained by writing to:

Board of Trustees
Municipal Police Employees' Retirement System
8401 United Plaza Boulevard
Room 207
Baton Rouge, Louisiana 70809

OR

Board of Trustees
Municipal Employees' Retirement
System of Louisiana
7937 Office Park Boulevard
Baton Rouge, Louisiana 70809

2. Post Employment Health Care Benefits

Cobra Benefits. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the first day of the month for the actual month covered. This program is offered for duration of 18 months after the termination date. There is no associated cost to the City under this program, and there are no participants in the program as of March 31, 2006.

Retired Employee Benefits. The City provides certain continuing health care benefits for its retired employees. Substantially all of the City's employees become eligible for these benefits when they reach normal retirement age while working for the City. These benefits for retirees are provided through an insurance company whose monthly premiums are paid in full by the employee. There are 3 participants in the program as of March 31, 2006.

CITY OF GRETN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE D – OTHER NOTES (Continued)

3. On Behalf Payments for Salaries

Supplemental pay which is paid directly to employees of the City of Gretna by the State of Louisiana, Department of Public Safety, is recognized as intergovernmental revenue and salaries expenditure in the year in which paid. For the year ended March 31, 2006, the amount recognized as revenue and expenditure was \$260,090.

4. Contingencies and Commitments

Litigation. The City is a defendant in a number of minor claims and lawsuits resulting from personal injury and property damage. The City Attorney has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City. As a result of this review, it is the opinion of the City Attorney that no material liability is anticipated or foreseeable in excess of the City's insurance coverage.

The City is a defendant in a lawsuit originally filed in 2002 which stems from an accident at the City's Municipal Water Plant in which contaminated water was discharged into the water system. As of this date, three lawsuits have been filed. One is an individual suit and two are class action suits. The City's attorneys are challenging the validity of the class action lawsuits. Damages have not been specified in the suits. It is the attorney's opinion that damages, if any, would be limited. The City has insurance coverage in regards to this incident.

The City is, also, involved in two lawsuits for claims against its police department. One is a wrongful death suit and the other is a Federal Civil Rights complaint following the Gretna Police Department's closing of the Mississippi River Bridge in the wake of Hurricane Katrina. The City's attorneys cannot at this time determine the potential scope of damages or the likelihood of an unfavorable outcome. In each of these cases, the City has insurance coverage of \$1,000,000 and deductibles of \$100, 000.

The City has not reserved fund balance for the payment of any specific claim, but it has reserved \$1,911,228 of fund balance for the payment of insurance deductibles and separation pay.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable/</u>
						<u>(Unfavorable)</u>
Revenues:						
Taxes	\$ 7,334,250	\$ 7,334,250	\$ 8,915,991	\$ -	\$ 8,915,991	\$ 1,581,741
Licenses and permits	860,000	860,000	859,566	-	859,566	(434)
Intergovernmental	970,913	1,311,668	4,146,338	-	4,146,338	2,834,670
Charges for services	140,000	140,000	143,628	-	143,628	3,628
Fines and forfeitures	507,900	507,900	522,857	-	522,857	14,957
Miscellaneous	<u>168,000</u>	<u>193,289</u>	<u>1,023,104</u>	<u>-</u>	<u>1,023,104</u>	<u>829,815</u>
Total revenues	9,981,063	10,347,107	15,611,484	-	15,611,484	5,264,377
Expenditures:						
Current:						
General government	1,771,828	1,834,924	1,969,568	17,504	1,987,072	(152,148)
Public safety	5,892,487	6,124,164	8,299,806	(6,974)	8,292,834	(2,168,670)
Public works	2,336,388	2,346,388	4,216,586	(13,776)	4,202,809	(1,856,421)
Cemetery	36,800	36,800	46,984	-	46,984	(10,184)
Capital outlay	<u>220,000</u>	<u>396,956</u>	<u>653,667</u>	<u>(26,154)</u>	<u>627,513</u>	<u>(230,557)</u>
Total expenditures	<u>10,257,503</u>	<u>10,739,232</u>	<u>15,186,611</u>	<u>(29,400)</u>	<u>15,157,212</u>	<u>(4,417,980)</u>
Excess (deficiency) of revenues over expenditures	(276,440)	(392,125)	424,872	29,400	454,271	846,396
Other financing sources (uses):						
Operating transfers in	220,000	327,096	327,096	-	327,096	-
Operating transfers out	-	-	(99,746)	-	(99,746)	(99,746)
Proceed from loans	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>220,000</u>	<u>2,327,096</u>	<u>2,227,350</u>	<u>-</u>	<u>2,227,350</u>	<u>(99,746)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(56,440)	1,934,971	2,652,222	29,400	2,681,621	746,650
Fund balance - beginning of the year	<u>2,815,144</u>	<u>2,815,144</u>	<u>2,815,144</u>	<u>-</u>	<u>2,815,144</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 2,758,704</u>	<u>\$ 4,750,115</u>	<u>\$ 5,467,367</u>	<u>\$ 29,400</u>	<u>\$ 5,496,766</u>	<u>\$ 746,650</u>

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustment</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable/</u>
						<u>(Unfavorable)</u>
Taxes:						
Ad valorem	\$ 1,469,250	\$ 1,469,250	\$ 1,419,551	\$ -	\$ 1,419,551	\$ (49,699)
Sales	5,140,000	5,140,000	6,739,342	-	6,739,342	1,599,342
Franchises						
Entergy	325,000	325,000	357,582	-	357,582	32,582
Atmos Energy Company	65,000	65,000	71,919	-	71,919	6,919
Cox Cable Television	145,000	145,000	109,023	-	109,023	(35,977)
Off Track Betting	190,000	190,000	218,574	-	218,574	28,574
Penalties and interest	-	-	-	-	-	-
Total taxes	7,334,250	7,334,250	8,915,991	-	8,915,991	1,581,741
Licenses and permits:						
Occupational licenses	315,000	315,000	309,961	-	309,961	(5,039)
Alcoholic beverage	40,000	40,000	32,775	-	32,775	(7,225)
Chain store	8,000	8,000	12,192	-	12,192	4,192
Plumbing	13,000	13,000	10,652	-	10,652	(2,348)
Electrical	6,000	6,000	8,617	-	8,617	2,617
Taxi cab	21,000	21,000	12,092	-	12,092	(8,908)
Recreational	20,000	20,000	18,245	-	18,245	(1,755)
Insurance	365,000	365,000	391,671	-	391,671	26,671
Fireworks	20,000	20,000	22,000	-	22,000	2,000
Mardi Gras	2,000	2,000	345	-	345	(1,655)
Building	50,000	50,000	41,017	-	41,017	(8,983)
Total licenses and permits	860,000	860,000	859,566	-	859,566	(434)
Intergovernmental						
State grant	10,000	40,735	915,098	-	915,098	874,363
Other grants	33,333	174,909	79,010	-	79,010	(95,899)
911 fees	47,580	47,580	47,580	-	47,580	0
Federal grant	100,000	268,444	2,214,968	-	2,214,968	1,946,524
Beer tax	55,000	55,000	58,429	-	58,429	3,429
State video poker	550,000	550,000	651,008	-	651,008	101,008
Parish road tax	175,000	175,000	180,244	-	180,244	5,244
Total intergovernmental	\$ 970,913	\$ 1,311,668	\$ 4,146,338	\$ -	\$ 4,146,338	\$ 2,834,670

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual GAAP Amounts</u>	<u>Adjustment To Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>				
Charges for services:						
Inspection fees						
Electrical	\$ 14,000	\$ 14,000	\$ 13,549	\$ -	\$ 13,549	\$ (451)
Plumbing	12,000	12,000	8,722	-	8,722	(3,278)
Resubdivision fees	4,500	4,500	4,200	-	4,200	(300)
Parking meter	76,000	76,000	83,269	-	83,269	7,269
Grass cutting fees	7,500	7,500	7,064	-	7,064	(436)
Other	26,000	26,000	26,824	-	26,824	824
Total charges for services	140,000	140,000	143,628	-	143,628	3,628
Fines and forfeitures						
Fines	422,900	422,900	435,009	-	435,009	12,109
Court cost	85,000	85,000	87,848	-	87,848	2,848
Total fines and forfeitures	507,900	507,900	522,857	-	522,857	14,957
Miscellaneous:						
Interest on invested funds	40,000	40,000	117,943	-	117,943	77,943
Rents	50,000	50,000	54,035	-	54,035	4,035
Insurance fund returns	-	-	440,450	-	440,450	440,450
Insurance claims	10,000	10,000	271,664	-	271,664	261,664
Property seizures	41,000	61,955	-	-	-	(61,955)
Sale of assets	15,000	15,000	-	-	-	(15,000)
Other	12,000	16,334	139,012	-	139,012	122,678
Total miscellaneous	168,000	193,289	1,023,104	-	1,023,104	829,815
Total revenues	\$ 9,981,063	\$ 10,347,107	\$ 15,611,484	\$ -	\$ 15,611,483	\$ 5,264,377

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended March 31, 2006

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	To Budget	Budget	Final Budget
			Basis	Basis	Basis	Favorable/ (Unfavorable)
General government:						
City administration:						
Personnel expenses	\$ 300,337	\$ 300,337	\$ 246,948	\$ 3,128	\$ 250,076	\$ 50,261
Supplies	33,400	34,773	384,552	60	384,612	(349,839)
Service charges	308,980	366,669	257,718	16,160	273,878	92,791
Capital outlay	-	-	47	-	47	(47)
Total city administration	642,717	701,779	889,263	19,348	908,611	(206,832)
Elected officials:						
Personnel expenses	85,984	85,984	90,533	-	90,533	(4,549)
Supplies	500	500	551	-	551	(51)
Service charges	32,640	35,329	46,087	-	46,087	(10,758)
Capital outlay	-	-	2,159	-	2,159	(2,159)
Total elected officials	119,124	121,813	139,330	-	139,330	(17,517)
City attorney:						
Personnel expenses	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Service charges	75,000	76,345	77,551	-	77,551	(1,206)
Capital outlay	-	-	-	-	-	-
Total city attorney	75,000	76,345	77,551	-	77,551	(1,206)
Department of finance:						
Personnel expenses	394,550	394,550	394,737	-	394,737	(187)
Supplies	7,600	7,600	7,498	(137)	7,361	239
Service charges	100,000	100,000	92,216	(409)	91,807	8,193
Capital outlay	-	29,981	29,981	-	29,981	-
Total department of finance	502,150	532,131	524,431	(546)	523,885	8,246
Tax collection:						
Personnel expenses	164,972	164,972	164,050	-	164,050	922
Supplies	8,000	8,000	6,062	(203)	5,859	2,141
Service charges	23,130	23,130	27,041	-	27,041	(3,911)
Capital outlay	-	-	-	-	-	-
Total tax collection	196,102	196,102	197,153	(203)	196,950	(848)
Vehicle maintenance:						
Personnel expenses	199,506	199,506	138,302	-	138,302	61,204
Supplies	23,100	23,100	19,137	(1,095)	18,042	5,058
Service charges	14,129	14,129	16,586	-	16,586	(2,457)
Capital outlay	-	-	-	-	-	-
Total vehicle maintenance	236,735	236,735	174,024	(1,095)	172,930	63,805
Total general government	1,771,828	1,864,905	2,001,755	17,504	2,019,259	(154,354)
Less capital outlay	-	29,981	32,187	-	32,187	(2,206)
Total general government, net capital outlay	\$ 1,771,828	\$ 1,834,924	\$ 1,969,568	\$ 17,504	\$ 1,987,072	\$ (152,148)

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable/</u>
						<u>(Unfavorable)</u>
Public safety:						
City court:						
Personnel expenses	\$ 279,647	\$ 279,647	\$ 285,001	\$ -	\$ 285,001	\$ (5,354)
Supplies	11,350	11,350	8,682	(221)	8,461	2,889
Service charges	51,000	54,485	46,302	(199)	46,103	8,382
Capital outlay	-	-	-	-	-	-
Total city court	341,997	345,482	339,983	(420)	339,564	5,918
City police:						
Personnel expenses	3,915,534	3,915,534	4,138,018	(4,150)	4,133,868	(218,334)
Supplies	222,500	222,500	1,905,771	5,818	1,911,589	(1,689,089)
Service charges	1,176,133	1,404,325	1,658,041	(8,222)	1,649,819	(245,494)
Capital outlay	220,000	271,690	495,399	(26,154)	469,245	(197,555)
Total city police	5,534,167	5,814,049	8,197,227	(32,708)	8,164,520	(2,350,471)
City inspectors:						
Personnel expenses	208,947	208,947	228,716	-	228,716	(19,769)
Supplies	3,800	3,800	3,232	-	3,232	568
Service charges	23,576	23,576	26,047	-	26,047	(2,471)
Capital outlay	-	-	-	-	-	-
Total city inspectors	236,323	236,323	257,995	-	257,995	(21,672)
Total public safety	6,112,487	6,395,854	8,795,205	(33,128)	8,762,079	(2,366,225)
Less capital outlay	220,000	271,690	495,399	(26,154)	469,245	(197,555)
Total public safety, net capital outlay	\$ 5,892,487	\$ 6,124,164	\$ 8,299,806	\$ (6,974)	\$ 8,292,834	\$ (2,168,670)

CITY OF GRETNA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended March 31, 2006

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	To Budget	Budget	Final Budget
			Basis	Basis	Basis	Favorable/ (Unfavorable)
Public works:						
Engineering:						
Personnel expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	85,000	85,000	86,262	-	86,262	(1,262)
Capital outlay	-	-	-	-	-	-
Total engineering	85,000	85,000	86,262	-	86,262	(1,262)
Streets:						
Personnel expenses	642,544	642,544	700,877	-	700,877	(58,333)
Supplies	106,600	106,600	2,206,597	(2,246)	2,204,351	(2,097,751)
Service charges	583,947	593,947	421,063	12	421,075	172,872
Capital outlay	-	95,285	126,081	-	126,081	(30,796)
Total streets	1,333,091	1,438,376	3,454,618	(2,234)	3,452,384	(2,014,008)
Drainage:						
Personnel expenses	502,784	502,784	455,890	-	455,890	46,894
Supplies	22,500	22,500	17,305	(499)	16,806	5,694
Service charges	165,959	165,959	133,964	(8,986)	124,978	40,981
Capital outlay	-	-	-	-	-	-
Total drainage	691,243	691,243	607,160	(9,485)	597,674	93,569
Parkway:						
Personnel expenses	177,845	177,845	149,515	-	149,515	28,330
Supplies	13,500	13,500	14,619	(850)	13,769	(269)
Service charges	35,709	35,709	30,494	(1,207)	29,287	6,422
Capital outlay	-	-	-	-	-	-
Total parkway	227,054	227,054	194,628	(2,057)	192,571	34,483
Total public works	2,336,388	2,441,673	4,342,668	(13,776)	4,328,891	(1,887,218)
Less capital outlay	-	95,285	126,081	-	126,081	(30,796)
Total public works, net capital outlay	\$ 2,336,388	\$ 2,346,388	\$ 4,216,586	\$ (13,776)	\$ 4,202,809	\$ (1,856,421)

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable/</u>
						<u>(Unfavorable)</u>
Cemetery:						
Personnel expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Service charges	36,800	36,800	46,984	-	46,984	(10,184)
Capital outlay	-	-	-	-	-	-
Total cemetery	36,800	36,800	46,984	-	46,984	(10,184)
Less capital outlay	-	-	-	-	-	-
Total cemetery, net capital outlay	36,800	36,800	46,984	-	46,984	(10,184)
Total expenditures	<u>\$ 10,257,503</u>	<u>\$ 10,739,232</u>	<u>\$ 15,186,611</u>	<u>\$ (29,400)</u>	<u>\$ 15,157,212</u>	<u>\$ (4,417,980)</u>

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues:						
Taxes						
Ad valorem	\$ 1,458,790	\$ 1,458,790	\$ 1,407,321	\$ -	\$ 1,407,321	\$ (51,469)
Intergovernmental						
Fire insurance tax	70,000	70,000	71,180	-	71,180	1,180
Miscellaneous						
Interest on invested funds	5,000	5,000	20,796	-	20,796	15,796
Other	<u>1,000</u>	<u>1,000</u>	<u>505</u>	<u>-</u>	<u>505</u>	<u>(495)</u>
Total revenues	1,534,790	1,534,790	1,499,801	-	1,499,801	(34,989)
Expenditures:						
Public safety						
Personnel expenses	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Service charges	1,150,208	1,239,225	1,242,171	-	1,242,171	(2,946)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	1,150,208	1,239,225	1,242,171	-	1,242,171	(2,946)
Other financing sources (uses):						
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	384,582	295,565	257,630	-	257,630	(37,935)
Fund balance - beginning of the year	<u>2,023,936</u>	<u>2,023,936</u>	<u>2,023,936</u>	<u>-</u>	<u>2,023,936</u>	<u>0</u>
Fund balance - end of the year	<u>\$ 2,408,518</u>	<u>\$ 2,319,501</u>	<u>\$ 2,281,566</u>	<u>\$ -</u>	<u>\$ 2,281,566</u>	<u>\$ (37,935)</u>

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
RIVERBOAT CASINO FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues:						
Intergovernmental						
Riverboat casino revenues	\$ 1,900,000	\$ 1,900,000	\$ 3,144,574	\$ -	\$ 3,144,574	\$ 1,244,574
Miscellaneous						
Interest on invested funds	15,000	15,000	43,576	-	43,576	28,576
Other	-	-	-	-	-	-
Total revenues	1,915,000	1,915,000	3,188,149	-	3,188,149	1,273,149
Other financing sources (uses):						
Operating transfers in (out):	(2,745,000)	(2,871,055)	(2,871,055)	-	(2,871,055)	-
Total other financing sources (uses)	(2,745,000)	(2,871,055)	(2,871,055)	-	(2,871,055)	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	(830,000)	(956,055)	317,094	-	317,094	1,273,149
Fund balance - beginning of the year	1,679,690	1,679,690	1,679,690	-	1,679,690	-
Fund balance - end of the year	\$ 849,690	\$ 723,635	\$ 1,996,784	\$ -	\$ 1,996,784	\$ 1,273,149

CITY OF GRETN, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues:						
Taxes						
Sales tax	\$ -	\$ -	-	\$ -	\$ -	\$ -
Intergovernmental						
Jefferson Parish Council	-	-	-	-	-	-
Parish road tax	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Federal grant	-	-	-	-	-	-
State grant	331,443	331,443	85,300	-	85,300	(246,143)
Demolition fees	20,000	20,000	12,296	-	12,296	(7,704)
Donations	-	-	100	-	100	100
Other grants	-	-	-	-	-	-
Miscellaneous						
Interest on invested funds	32,000	32,000	184,041	-	184,041	152,041
Other	1,500	1,500	503	-	503	(998)
Total revenues	384,943	384,943	282,239	-	282,239	(102,704)
Expenditures:						
Public works	3,170,193	6,153,387	642,954	(236,334)	406,620	5,746,767
Capital outlay	486,500	763,061	576,422	-	576,422	186,639
Total expenditures	3,656,693	6,916,448	1,219,376	(236,334)	983,042	5,933,406
Other financing sources (uses):						
Operating transfers in	2,325,000	2,325,000	2,325,000	-	2,325,000	-
Operating transfers out	-	(2,441,516)	(2,441,516)	-	(2,441,516)	-
Proceeds from loans	-	103,500	103,500	-	103,500	-
Total other financing sources (uses)	2,325,000	(13,016)	(13,016)	-	(13,016)	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	(946,750)	(6,544,521)	(950,153)	236,334	(713,819)	5,830,702
Fund balance - beginning of the year	7,662,306	7,662,306	7,662,306	-	7,662,306	-
Prior period adjustment	-	-	-	-	-	-
Fund balance - end of the year	\$ 6,715,556	\$ 1,117,786	\$ 6,712,153	\$ 236,334	\$ 6,948,487	\$ 5,830,701

CITY OF GRETNÁ, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
For The Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>To Budget</u>	<u>Budget</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Basis</u>	<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues:						
Taxes						
Sales tax	\$ 801,077	\$ 801,077	\$ 800,805	\$ -	\$ 800,805	\$ (272)
Miscellaneous						
Interest on invested funds	10,250	10,250	37,097	-	37,097	26,847
Other	-	-	-	-	-	-
Total revenues	811,327	811,327	837,902	-	837,902	26,575
Expenditures:						
Debt service						
Principal retirement	410,000	410,000	410,000	-	410,000	-
Interest and fiscal charges	390,777	390,777	391,284	-	391,284	(507)
Total expenditures	800,777	800,777	801,284	-	801,284	(507)
Other financing sources (uses):						
Transfers in (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
 Excess (deficiency) of revenues over expenditures and other sources (uses)	10,550	10,550	36,619	-	36,619	26,069
Fund balance - beginning of the year	936,684	936,684	936,684	-	936,684	-
Fund balance - end of the year	\$ 947,234	\$ 947,234	\$ 973,304	\$ -	\$ 973,304	\$ 26,069

OTHER SUPPLEMENTAL INFORMATION

CITY OF GRETN, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
March 31, 2006

	Special Revenue										Total Nonmajor Governmental Funds
	Garbage Fund	Observatory Fund	Parks & Recreation Fund	Social Services For The Aged Fund	Street Lights Fund	Tourism Fund	Ambulance Fund	Home Incarceration Fund	Court Security Fund	Court Security 2nd Fund	
ASSETS											
Cash and cash equivalents	\$ 23,683	\$ 512	\$ -	\$ 79,508	\$ 265,578	\$ 164,712	\$ 75,350	\$ 39,815	\$ -	\$ 2,551	\$ 651,710
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	59,297	-	366,900	43,016	290,669	5,793	548,206	-	-	-	1,313,882
Due from other funds	77,382	6,945	42,000	20,723	10,000	-	-	334	39,481	4,004	200,869
Receivable from other governments	-	-	5,240	-	-	19,027	-	47,554	298,350	59,083	429,254
Total assets	<u>160,362</u>	<u>7,457</u>	<u>414,140</u>	<u>143,247</u>	<u>566,248</u>	<u>189,532</u>	<u>623,556</u>	<u>87,704</u>	<u>337,831</u>	<u>65,638</u>	<u>2,595,715</u>
LIABILITIES											
Accounts payable	83,648	2,333	36,654	-	210,668	974	35,306	24,188	17,060	1,425	412,257
Due to other funds	21,123	1,078	68,992	-	-	14,668	265,592	26,266	354,242	35,845	787,812
Total liabilities	<u>104,771</u>	<u>3,411</u>	<u>105,646</u>	<u>-</u>	<u>210,668</u>	<u>15,641</u>	<u>300,906</u>	<u>50,455</u>	<u>371,301</u>	<u>37,270</u>	<u>1,200,069</u>
FUND BALANCES											
Reserved for encumbrances	-	-	-	-	-	-	-	-	-	-	-
Reserved for prior year encumbrances	-	-	1,910	-	-	-	657	-	-	-	2,567
Reserved for prepaid expenses	-	-	-	-	-	-	-	-	-	-	-
Reserved for subsequent year expenditures	-	-	-	-	-	-	-	-	-	-	-
Reserved for capital expenditures	-	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	55,591	4,046	306,584	143,247	355,580	173,891	321,993	37,249	(33,470)	28,368	1,393,079
Total Fund Balance	<u>55,591</u>	<u>4,046</u>	<u>308,494</u>	<u>143,247</u>	<u>355,580</u>	<u>173,891</u>	<u>322,650</u>	<u>37,249</u>	<u>(33,470)</u>	<u>28,368</u>	<u>1,395,646</u>
Total liabilities and fund balances	<u>\$ 160,362</u>	<u>\$ 7,457</u>	<u>\$ 414,140</u>	<u>\$ 143,247</u>	<u>\$ 566,248</u>	<u>\$ 189,532</u>	<u>\$ 623,556</u>	<u>\$ 87,704</u>	<u>\$ 337,831</u>	<u>\$ 65,638</u>	<u>\$ 2,595,715</u>

CITY OF GRETN, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended March 31, 2006

	Special Revenue										Total Nonmajor Governmental Funds
	Garbage Fund	Observatory Fund	Parks & Recreation Fund	Social Services For The Aged Fund	Street Lights Fund	Tourism Fund	Ambulance Fund	Home Incineration Fund	Court Security Fund	Court Security 2nd Fund	
Revenues:											
Taxes											
Ad valorem	\$ -	\$ -	\$ 372,141	\$ 43,679	\$ 290,899	\$ -	\$ 548,602	\$ -	\$ -	\$ -	\$ 1,255,320
Sales	-	-	-	-	-	48,342	-	-	-	-	48,342
Intergovernmental	-	-	19,761	-	-	73,814	-	569,542	729,763	149,546	1,542,426
Charges for services	896,240	-	2,800	656	-	-	224,719	-	-	-	1,124,415
Investment income	-	-	171	20	134	54	252	-	-	-	630
Miscellaneous	-	1,000	13,418	16	104	695	192	-	-	-	15,429
Total revenues	896,240	1,000	408,290	44,370	291,137	122,905	773,769	569,542	729,763	149,546	3,986,563
Expenditures:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	668,657	565,459	794,241	134,658	2,163,016
Public works	1,041,495	-	-	-	470,309	-	-	-	-	-	1,511,804
Culture and recreation	-	8,139	398,964	48,839	-	72,294	-	-	-	-	528,236
Capital outlay	-	502	10,263	-	-	-	102,238	39,921	19,884	-	172,808
Total expenditures	1,041,495	8,640	409,228	48,839	470,309	72,294	770,896	605,380	814,125	134,658	4,375,864
Excess (deficiency) of revenues over expenditures	(145,254)	(7,640)	(938)	(4,469)	(179,173)	50,611	2,873	(35,838)	(84,362)	14,888	(389,301)
Other financing sources (uses):											
Operating transfers in (out)	37,055	5,000	78,234	24,450	-	-	7,571	3,283	6,394	-	161,987
Total other financing sources and uses	37,055	5,000	78,234	24,450	-	-	7,571	3,283	6,394	-	161,987
Excess (deficiency) of revenues over expenditures and other sources (uses)	(108,199)	(2,640)	77,296	19,981	(179,173)	50,611	10,444	(32,555)	(77,968)	14,888	(227,314)
Fund balances - beginning of the year	163,790	6,686	231,198	123,266	534,752	123,280	312,206	69,804	44,498	13,480	1,622,961
Fund balances - end of the year	\$ 55,591	\$ 4,046	\$ 308,494	\$ 143,247	\$ 355,580	\$ 173,891	\$ 322,650	\$ 37,249	\$ (33,470)	\$ 28,368	\$ 1,395,646

CITY OF GRETN, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO
CITY COUNCIL
For The Year Ended March 31, 2005

<u>COUNCILMAN</u>	<u>SALARY</u>
Wayne A. Rau	\$ 12,002
Belinda Constant	\$ 8,095
Salvadore Marchese, Jr.	\$ 2,700
Vincent E. Cox III	\$ 10,795
Jonathan C. Bolar	\$ 10,795
Ricky J. Templet	\$ 10,795

**CITY OF GRETN
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED MARCH 31, 2006**

<u>DESCRIPTION</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>TOTAL GRANT AWARD</u>	<u>TOTAL EXPENDITURES</u>
DEPARTMENT OF JUSTICE				
Multi Jurisdictional Task Force	16.738	BO5-7-001	\$ 100,000	\$ 120,192
Victim Assistance Program	16.575	CO4-7-007	22,318	5,405
Victim Assistance Program	16.575	CO5-7-006	23,244	24,596
Child Advocacy Program	16.575	CO4-7-006	40,690	27,558
Child Advocacy Program	16.575	CO4-7-005	42,379	26,494
Universal Hiring Program	16.710	2004UMWX0027	75,000	41,984
COPS Homeland Security	16.592	2003OMWX0254	49,229	4,688
TOTAL DEPARTMENT OF JUSTICE			352,860	250,917
DEPARTMENT OF HOMELAND SECURITY				
Public Assistance Grants - Katrina	93.576	DR1603	* 2,010,333	4,491,694
Community Disaster Loan Program	97.030	EMT-2006-LF-1603LA37	2,620,211	** 2,000,000
TOTAL DEPARTMENT OF HOMELAND SECURITY			4,630,544	6,491,694
TOTAL GENERAL FUND			4,983,404	6,742,611
TOTAL			<u>\$ 4,983,404</u>	<u>\$ 6,742,611</u>

* Reimbursements through March 31, 2006

** Loan Proceeds received through March 31, 2006

The accompanying notes are an integral part of this statement.

CITY OF GRETN, LOUISIANA
NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
MARCH 31, 2006

NOTE A - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the year ended March 31, 2006. Federal financial assistance received during the year did meet the criteria set forth in the Single Audit Act and OMB Circular A-133. Grant terms are indicated in the Schedule of Federal Financial Assistance.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying Schedule of Federal Financial Assistance has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

**OTHER INDEPENDENT AUDITOR'S REPORTS
AND FINDINGS AND RECOMMENDATIONS**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
*GOVERNMENT AUDTING STANDARDS***

Camnetar & Co., CPAs
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504.362.2544 (Fax) 504.362.2663

Edward L. Camnetar, Jr., CPA
E. Faye Harris, CPA, MST
Orfelinda G. Richard, CPA

Members: American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Honorable Mayor and Members of the City Council
City of Gretna, Louisiana**

We have audited the general purpose financial statements of the City of Gretna, Louisiana, as of and for the year ended March 31, 2006, and have issued our report thereon dated March 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the the City of Gretna, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. Which are described in the accompanying schedule of findings and questioned costs as item 2006-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Gretna, Louisiana's internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Gretna, Louisiana in a separate letter dated March 23, 2007.

This report is solely intended for the information of the Council, City management, and Federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
March 23, 2007

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR 1-133**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

**Honorable Mayor and Members of the City Council
City of Gretna, Louisiana**

Compliance

We have audited the compliance of the City of Gretna, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2006. The City of Gretna, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Gretna, Louisiana's management. Our responsibility is to express an opinion on the City of Gretna, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Gretna, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Gretna, Louisiana's compliance with those requirements.

In our opinion, the City of Gretna, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2006.

Internal Control Over Compliance

The management of the City of Gretna, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Gretna, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Camnetar & Co., CPAs

a professional accounting corporation

This report is intended solely for the information of the Council, City management, and Federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

March 23, 2007

FINDINGS AND RECOMMENDATIONS

CITY OF GRETN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006

We have audited the general purpose financial statements of the City of Gretna, Louisiana as of and for the year ended March 31, 2006, and have issued our report thereon dated March 23, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OMB Circular A133. Our audit of the financial statements as of March 31, 2006 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

b. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Type of Opinion On Compliance
For Major Programs

Unqualified ☒
Disclaimer ☐

Qualified ☐
Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☒ No

c. Identification of Major Programs: Operation Municipal Task Force (02-03)

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No

CITY OF GRETN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2006

Section II Financial Statement Findings

A – Issues of Noncompliance

Finding 2006-1 Budgetary Authority and Control – Noncompliance LA Revised Statutes 39:1310. The City of Gretna is required under LRS 39:1310 to monitor the results of its operations during the fiscal year in relation to its legally adopted budget and advise the governing authority of the City when total expenditures and other uses plus projected expenditures and other uses exceed total budgeted expenditures and other uses by five percent or more or when total revenues and other sources plus projected revenues and other sources fail to meet total budgeted revenue and other sources by five percent or more. Expenditures in the General Fund exceeded projected expenditures by 41% and expenditures in the Court Security Fund exceed projected expenditures by 22%. Overspending of projected expenditures in the Court Security Fund caused a fund balance deficit of \$33,470.

Management's Response:

Expenditures incurred in the above mentioned funds in excess of budgeted expenditures were directly related to overtime charges and debris clean up and disposal charges as a result of Hurricane Katrina. Many of the expenditures were made under a state of emergency declaration placed into effect by the City Council on August 27, 2005. It was incorrectly assumed that a budget amendment was not necessary since most of the expenditures in question are due for reimbursement by the federal government.

The deficit in the Court Security Fund fund balance will be made up by anticipated revenues and if necessary equity transfers from the general fund in the fiscal year ending March 31, 2008.

B – Reportable Conditions

NONE

Section III Federal Award Findings and Questioned Costs

NONE

SCHEDULE OF PRIOR YEAR FINDINGS

**CITY OF GRETN, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2006**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

NONE

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
FUNDS**

NONE

SECTION III MANAGEMENT LETTER

2005-1 - Accounting and Financial Management - Recommendation to consider staffing an Assistant Finance Director. (Unresolved) Repeated in the current year at management letter comment 2006-2.

**CORRECTIVE ACTION PLAN
FOR
CURRENT YEAR AUDIT FINDINGS**

**CITY OF GRETN, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED MARCH 31, 2006**

Section I - Internal Control And Compliance Material To The Financial Statement

2006-1 - Budgetary Authority and Control

Management recognizes the error and considers it an isolated incident directly related to the effects of Hurricane Katrina. It plans on considering the effects of emergency spending on the budget in the future.

Section II - Internal Control And Compliance Material To Federal Awards

NONE

Section III - Management Letter

2006-2 - Accounting and Financial Management
Assistant Finance Director.

Recommendation to consider staffing an

Management's Response:

Management agrees and plans to ask for Council approval for additional funding to hire an Assistant Finance Director.

**CITY OF GRETN, LOUISIANA
MANAGEMENT ADVISORY COMMENTS
MARCH 31, 2006**

Camnetar & Co., CPAs
a professional accounting corporation

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a professional accounting corporation
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Edward L. Camnetar, Jr., CPA
E. Faye Harris, CPA, MST
Orfelinda G. Richard, CPA

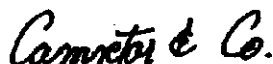
Members: American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

Honorable Mayor and Members of the City Council City of Gretna, Louisiana

As part of our examination of the financial statements of the City of Gretna, Louisiana, for the year ended March 31, 2006, we reviewed the system of internal control, administrative procedures, and financial procedures of the City. Our review did not include a detailed examination of all transactions, such as would be necessary to disclose any defalcations or irregularities that may have occurred. However, our engagement did include such tests of the City's system and procedures to the extent we considered necessary to make an evaluation as required by generally accepted auditing standards and the Louisiana Municipal Audit and Accounting Guide.

As a result of our review, we noted certain areas in the City's system and procedures where we believe improvements could be made. This memorandum summarizes our comments and suggestions.

We will be pleased to discuss them with you and provide assistance in their implementation.



Camnetar & Co. CPAs
a professional accounting corporation

Gretna, Louisiana
March 23, 2007

We would like at this time to take the opportunity to extend our thanks for the assistance given us during the course of our examination to Mayor Harris and Mr. DuSaules as well as their staff.

The accompanying advisory comments reflect observations made during the course of this year's audit, as well as observations made in prior years. These observations are not intended as an evaluation of the performance of any of the City's personnel.

We would be glad to review these findings with any member of the City's administration or governing body should further discussion be deemed necessary.

COMMENTS AND SUGGESTIONS

2006-2 - ACCOUNTING AND FINANCIAL MANAGEMENT - During the course of our audit, it became apparent to us that the role of Finance Director has been expanded to include duties of management of all the financial aspects of the City, oversight of the budget, and the day to day accounting functions.

It is our opinion that these duties have grown to the extent that it cannot be effectively performed by one individual. We feel that a position of Assistant Finance Director be created and that this position should be staffed by a person who has the training, by education and experience, to handle the day-to-day accounting functions. We feel this would allow the Finance Director to assume the role of a manager to oversee the financial operations of City.



CITY OF GRETNA
RONNIE C. HARRIS, MAYOR

P.O. BOX 404

GRETNA, LOUISIANA 70054-0404

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April 2, 2007

SUSAN E. PERCLE
CHIEF ADMINISTRATIVE OFFICER
AZALEA M. ROUSSELL
TAX COLLECTOR
CITY CLERK
RUDOLPH DUSAULES
TREASURER
FINANCE DIRECTOR

CITY COUNCIL
WAYNE A. RAU, AT LARGE
JONATHAN C. BOLAR
DISTRICT ONE
BELINDA CAMBRE CONSTANT
DISTRICT TWO
VINCENT E. COX, III
DISTRICT THREE
RICKY J. TEMPLET
DISTRICT FOUR

Mr. Steve J. Theriot, CPA
Legislative Auditor
P O Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

The following outlines the action to be taken by the City of Gretna regarding the management advisory comments to you by our auditor, Camnetar & Co., CPAs, in their report dated March 23, 2007.

MANAGEMENT COMMENTS

2006-1 – Budgetary Authority and Control

Expenditures incurred in excess of budgeted expenditures were directly related to overtime charges and debris clean up and disposal charges as a result of Hurricane Katrina. Many of the expenditures were made under a state of emergency declaration placed into effect by the City Council on August 27, 2005. It was incorrectly assumed that a budget amendment was not necessary since most of the expenditures in question are due for reimbursement by the federal government.

2006-2 - Accounting and Financial Management

The mayor and I agree that this position is necessary. We have not been able to find a suitable candidate given the budgeted salary that was authorized for this position.

Rudolph DuSaules, CPA
Director of Finance